

UCSB LIBRARY

X-45438

REMARKS



OF

**MR. PORTER, OF LOUISIANA,**

ON

**THE REMOVAL OF THE DEPOSITES.**

DELIVERED

IN THE SENATE OF THE UNITED STATES,

FEBRUARY 25, 1834.

---

WASHINGTON:

PRINTED BY GALES AND SEATON.

---

1834.

U.S. LIBRARY

285-24

1911

1911

1911

1911

1911

## REMARKS.

---

Mr. PORTER addressed the Senate as follows :

I do not wish, Mr. President, to take any part in the contest between the two Senators from North Carolina, in which we have witnessed so much sharp shooting; and I hope, at all events, not to draw on me the fire of the honorable Senator from Georgia, (Mr. FORSYTH,) who, with a skill and fertility which have excited my surprise and admiration, has, for the last eight weeks, found topics of consolation for all the variety of distress which has sought relief here, and, at the same time, has mixed with that consolation something very different indeed for those who have, on this floor, been the medium by which the sufferings of the people have reached this body.

The principal reason I have for addressing the Senate is to inform it of such facts as have come to my knowledge in regard to the people of Louisiana, so far as their condition has been affected by the late acts of the General Government in relation to the public deposits. As, however, the discussions which have arisen here each day, for the space of nearly two months, on the presentation of memorials, may be properly regarded as rather a debate on the state of the Union, than on the mere topics connected with these memorials, I trust I shall be pardoned if I look a little beyond the mere facts, and give some of my attention to the causes of the disease, and to the remedies by which it may be alleviated.

While, however, on the threshold of this subject, and before I enter into it, I must disclaim all intentions of treating this as a party question : I have heard it repeatedly said it was one of that kind, and I am afraid it is so regarded by many. I deplore such a state of things, for it is unfavorable to the investigation of truth. The question, too, involves considerations far above the interests of political aspirants—it is of a deeper and much more serious character, it touches the fortunes and happiness of millions; and the American people, I am sure, will not permit that a matter of such vital importance to their interests shall be debated and adjudged on party grounds. If they ever become impressed with the conviction that it is so, it will rouse to madness feelings now repressed by a hope that their sufferings will receive a dispassionate examination. If, therefore, any thing which has heretofore transpired on this floor gives color to the assertion that this is to be made a party question, I hope that the future course of our deliberations will show it to be a mistake. A gentleman of this body quoted to me the other day, in conversation, a remark of one of the most sagacious statesmen of Great Britain, and, at the same time, one of the strongest party-men of his day, that “money was neither Whig nor Tory.” So should it be here, neither Jackson nor anti-Jackson. More especially should such a doctrine be repudiated when great public distress exists, and when the

protection of the capital and industry of the country depends on the soundness of our decision.

Akin to this objection, which relates to party, we have been told by the honorable Senator from Georgia that our real cause of complaint, after all, was the popularity of the President of the United States. Sir, I have not heard any such complaint on this floor, but, if it had been made, I am not sure that it may not be a grievance of which we may complain. A certain degree of popularity is required in every President, in order that he may be able to carry into effect those measures which are necessary for the public weal; but an inordinate popularity, which stifles inquiry and obscures a search after truth, is justly to be deprecated, and when carried so far as to defeat legislation called for by the people, it becomes a serious matter for complaint. The taunt, therefore, of the honorable member from Georgia might have been spared, unless he was prepared to show that the acts, which the popularity of the President obstructed, were unwise and hurtful. He has not done so, and he is not, I presume, to be understood to say that popularity in itself is a thing to be admired and respected. In my estimation it proves nothing as to the merits of the possessor, if the power it confers be not used for sage and beneficent purposes.

But, sir, I go further; and I say that, not only may the popularity of a President, when used in a certain manner, be a just cause of complaint, but, in my judgment, it is a great, a very great misfortune for any people to have at the head of their Government an *extremely* popular man; because it is a necessary consequence of such a popularity, in a free country, that there exists no adequate check on the errors of his administration. I make this observation, not merely in relation to the present President of the United States; it would be equally true, and as readily said by me of any other individual who might fill the office, if he exercised the same influence the present incumbent does over the public mind. It is impossible that any man can fill the Presidential chair, and have to deal with all the delicate and embarrassing questions which grow out of the conflicting interests of the different portions of this vast republic, and not commit errors. The constitution and the laws presume he will fall into them. They have aided him by constitutional advisers; and they have appointed to him constitutional checks. Well, sir, how stands the case with the present Chief Magistrate? I suppose it is not offensive to say that he is but a man, and that he may have committed errors since he was elected. Nay, that in all the matters which have come before him, it would be more than a miracle if he had not committed many. And yet such is the effect of his popularity, that it is generally believed he has committed none. Whatever he has done has been right, and, had it been otherwise, I have no doubt that, on the same principle, the sound staunch men of the party would also have said it was right—ay, too, and would have induced the people to think it was right. There is no action performed by him, since he came into power, which has not been defended—justified—applauded. Whenever “*he has taken the responsibility*,” the people have followed in his train, until things have come to such a pass, that he is spoken of as the head of the Government of another country is spoken of—he can do no wrong!

Do not the facts belonging to the question we are now debating prove

beyond doubt the truth of these views? Is there a man on this floor who has said, or will say, that he would have given advice to the President to remove the deposits? Is there any one who does not believe that it would have been better to have delayed taking so important a step until Congress could meet? I doubt if such a man can be found; at least *I* have met with no one, since my arrival here, who considers the measure, under all its circumstances, correct. And yet, because it has been done by Andrew Jackson, it is a measure of wisdom, of prudence, and of great public utility. The war cry of party is raised; and virtuous men, who, apart from its influence, would not hesitate to acknowledge the error, nor fail to correct it, are drawn by their feelings to seek a justification for it. That justification cannot be found, for it does not exist; but, in lieu of it, we are called upon here to witness, day after day, the best efforts which vigorous minds can make to obscure the true question, and draw public attention from the real point in dispute. Nay, on this floor, the act is lauded—it is one of Roman virtue and of Roman wisdom!!! And, worse than all, the language of reproach is resorted to, and men are denounced because they call in question its wisdom and its justice. I leave it to gentlemen to reflect whether this be a healthy state of public feeling. I put it to them to consider if it be consistent with public utility that such idolatry should be displayed in regard to any individual, and whether it be safe to habituate the people to pass by Congress, and look to the President as the source from which all legislation should flow. If they think so, why then they are right to sustain *even* this act; but, if they think with me, that it is better to acknowledge the President is but a man, and that he may err, no fitter occasion can arise than the present, to make an oblation of party feeling to the best interests of the republic.

In giving to the Senate such facts as have come to my knowledge, touching the influence which the late measures of the President and his Secretary have had on the money market in our State, and the price of our staple productions, sugar and cotton, it becomes my duty to frankly state that I am greatly surprised that our section of the republic should have suffered so much as my advices assure me it has. The Senate, too, I am certain, will share in my surprise, when I state that the nominal banking capital of the city of New Orleans, independent of that employed there by the Bank of the United States, is twenty-seven and a half millions of dollars; that, of this immense amount, all has been paid in, as the phrase is, save perhaps three millions of dollars. The far greater part of this capital, I might perhaps say all, has not been formed by a practice, I am told common elsewhere, of paying the first instalment so as to enable the bank to commence its operations, and then borrowing on the accommodations the institution can afford, by the circulation of its paper, to pay up any further instalments which are called for. On the contrary, the capital of by far the greater portion of our banks has been obtained from England and our sister States, in consequence of the readiness, and I am afraid I must add the profusion, with which our Legislatures, for several years past, have pledged the faith of the State for the repayment of money borrowed for such purposes.

Looking on such a state of things, sir, when I left the banks of the Mississippi, about two months ago, I did think, and I communicated my opinion to several of my commercial friends, that the pecuniary pressure,

which we understood was beginning to be felt to the north and east of us, would not reach Louisiana. Among others, to whom, in the interchange of opinion, I imparted these views, was a gentleman of great experience in matters of currency, who told me I was mistaken; that the connexion between the great commercial cities of this continent, in relation to money, was so intimate, and the sympathy between them so strong, that a severe blow dealt to any one of them could not fail, sooner or later, to reach all the rest. Sir, keeping my eye on the value of our products, and the enormous amount of our banking capital, I doubted the correctness of this opinion; but the event has shown the difference between the experience of a practical man, whose life has been devoted to pursuits connected with the subject under consideration, and my crude, theoretical notions. It has proved that I was wrong, and that he was right; and that the shock given to the money market, at New York and Philadelphia, has been carried to New Orleans, in obedience to laws as invariable in their operation as those which move and control the physical world.

I have received several letters from the city of New Orleans, of recent date, from men extensively engaged in business, well acquainted with the state of the money market there, and themselves as little exposed to the danger of wanting this necessary article at the present crisis, as any persons within the range of my acquaintance. I will not commonplace to you, sir, on their respectability, and love of truth. It is enough for me to say that they are merchants of the first respectability among the merchants of New Orleans—a body of men, who, on the credit of an experience acquired during fourteen years spent in judging them and their transactions, I take on me to say, are excelled by no others on earth of similar pursuits,—in enterprise,—commercial knowledge,—a clear-sighted view of their interests;—and a wise integrity which enables them to know that their own prosperity is, in the end, best promoted by doing justice to others. They write me under date from the 15th of January to the 1st of February, that *paper* which, when I left the city, was discounted at rates varying from eight to ten per cent., could only be cashed, at the time they wrote, at fifteen or twenty per cent. They take the liberty, also, sir, to express their opinions as to the cause of the unexpected change which has come over them and the country; but I shall not trouble you with their speculations, much as they are entitled to respect. The cause of the suffering which now pervades society, presents ground which is debatable. But, although it is somewhat difficult to say *what has* occasioned the present pressure in the money market, it is quite easy to say that *one thing has not* produced it in New Orleans.

Sir, I feel authorized to declare that the present scarcity of money in that city is not owing to the branch of the United States Bank established there. And, as some erroneous impressions have been conveyed to the Senate on this matter, I seize on the present occasion to correct them. Some time after I had the honor to take my seat here, the honorable Senator from Missouri (Mr. BENTON) read to this body a letter received by him from a highly respectable source in our city, wherein the pressure was attributed to the conduct of the Branch Bank, acting under the orders of the parent institution at Philadelphia. Sir, I do not disguise from you that this intelligence greatly surprised me, and I did

think it especially strange that, if such was the fact, myself and my colleague were to learn it for the first time on this floor, from the Senator of another State. Sir, I immediately set to work, with the diligence of a man in search of truth, and I went to the fountain head to obtain information. I have procured it, and I learn from what I get there, as well as from other sources, that *no* blame whatever is attributable either to the mother Bank or its branch in New Orleans. The statement of the letter writer alluded to, that orders had been sent from Philadelphia to New Orleans, prohibiting the purchase of drafts on the Western country, was entirely gratuitous. No such orders were sent. Necessity, indeed, produced by the removal of the deposits, and the threatening attitude assumed by the Executive, prevented the purchase of western exchange to the same amount as formerly, and compelled the Bank to concentrate its funds in the principal Atlantic cities, where the larger proportion of money derived from duties was to be collected and placed in the *pet* banks, and where, of course, the heaviest demands would be made on that of the United States. But the conduct of the branch located in our city has, under the peculiar circumstances in which it was unexpectedly placed, been liberal in a high degree. A short statement of their business within the last four months will prove this. On the 4th November, 1833, their notes and exchange, under discounts, were \$6,110,577 57, and their public deposits at that time were \$596,929 06. On the 3d of the next month their balances exhibited the same relative proportions. But on the 3d of February, their notes under discount and exchange had increased to \$8,759,518 45, and their deposits were \$150,116 25; so that in ninety days preceeding the 3d of February, the Government had deprived the Bank, as far as it could, of all means of accommodating the trade of our city; it had withdrawn four hundred and forty-six thousand dollars of the deposits, which was nearly the whole, and during the same time the Bank had extended its accommodations to the public to the amount of two million six hundred and forty-eight thousand nine hundred and forty dollars beyond the sum lent out on the 3d of November; and yet the conduct of the Bank, it is said, during this period, has been the cause of the pressure on the money market in New Orleans! Oh, fy! Sir, the charge has just as much foundation against the Bank in New Orleans as against the mother Bank and its branches in other cities of the Union. Whenever we go into particulars, and can get its enemies and accusers to descend from empty generalities, and investigate facts, the utter want of all foundation for their accusations instantly appears.

While on this subject of the bank in our city, and its accommodations, I cannot help lamenting the deplorable inconvenience to which the merchants of New Orleans, and the whole commerce of the Western States, will be exposed, by the breaking up of an institution which has so much facilitated the operations of trade, by the purchase of internal bills of exchange. The Senate, I am sure, are not aware to what extent its usefulness has been carried. Through all the States to the West, and particularly those of the Southwest, a large proportion of the planters and farmers require advances in their crops, before they can be got ready for market. The merchants in those regions have not the means of making their advances, if unaided by a bank similar to that of the United States. But, for years back, the funds have been supplied by that insti-

tution for this purpose. Commercial houses, all through the Western States, having credit, and doing business with those of our city, have drawn late in the summer, or early in the autumn, bills of exchange on New Orleans, and sold them to the branches established in their respective States. With the money drawn from this source, the planter and the farmer have been supplied, and the extent and value of this accommodation can only be judged of by those who are acquainted with the habits and wants of the planting portion of the community. Its utility, however, did not stop here. A few months run round, the crops are gathered, delivered to the merchant, and transmitted to New Orleans for sale. There then happens what might be expected in all cases where considerations of personal advantage enter into the calculations we make of the future. It is found that the planter has estimated too largely his crop; he falls in debt to his merchant, and he in return has a balance against him in the city where the produce was sold. The Bank steps in again, and purchases from the factor in New Orleans a draft on the house in the Western country, and in that way enables the produce of a second crop to be got to market before payment is really demanded. What I now state has been every year's transactions for several years back; and I confess I see no means of supplying such an accommodation through State banks. Indeed, in the matter of exchange, and all other matters connected with the whole trade of the Western country, the advantages conferred by the institution which it is now wantonly attempted to destroy, have been immense. I declare, solemnly, that as much to it, as to any other cause, do I attribute the development of the resources of the Western country. Without it, the delightful results of industry, stimulated by capital, would not have shown themselves in the subdued forests, cultivated fields, and growing cities of the West; nor would crowds of steamboats have now covered her waters.

I have stated, sir, that I did not believe the State banks could supply the vacuum which would be created by the withdrawal of the capital. I go further, and say, that, were that capital divided among them, I do not think they could wield it to the same advantage for the community, more especially in this matter of exchange. Confidence can never exist between independent institutions to such a degree as to enable them to carry on the purchase of bills of exchange to the same extent as one institution, possessed of the capital of all, can, through her respective branches. As soon, too, as the great regulator and controller of the State institutions, the Bank of the United States, is withdrawn, the same scenes will be rapidly presented to our eyes as met them after the destruction of the first National Bank. The respective States will augment the number of local institutions. Competition, and the desire to make large dividends, will stimulate them all to issue as much paper as they can. It will, of course, inevitably depreciate in value. Mutual distrust will take place. They will fear to credit each other; and finally it will be impossible to transfer money from one part of the Union to the other, without great inconvenience and expense.

I pass, sir, from the considerations which grow out of the condition of the money market in Louisiana, to the situation of the planters under the late derangement in our currency. The Senators from Mississippi and South Carolina (Messrs. POINDEXTER and PRESTON) stated, in an early



part of this session, that the price of cotton in the Southern States was not within two or three cents of the price which it should bring in reference to its value at the port of Liverpool, and they argued, and, as I thought, very satisfactorily, that such a difference could alone proceed from a want of money in the United States. This position has been assailed by the Senator from Georgia, (Mr. KING,) who addressed this body a few days since for the first time, and with a clearness which I am much more capable of admiring than of imitating. He considered the idea as wholly fallacious, that, if cotton was below its real value, money would instantly seek it as a profitable investment, and that the competition thus procured for it would raise the article to its true price. Sir, I differ in opinion with the honorable Senator. As a general rule, there can be no doubt that low prices invite purchasers, and that the number who seek to profit by such a state of things soon raises the objects offered for sale to their true value. And this is a consequence of a universal law, by which money, like the fluids, has a tendency to find its level. But the honorable Senator overlooked the fact that it takes money some time to find the level. The State of Louisiana bears very full testimony to the truth of this position. For the last twenty years, and upwards, we have been paying interest at the rate of ten per cent. per annum, while, in the Northern States, money, during the same time, was not worth more than five or six per cent. Many causes check and prevent the operation of the law alluded to. It is not necessary to go into them. The fact is indisputable. And the argument of the honorable Senator by no means affects the correctness of the assertion, that cotton may be of less value here than it should be, when compared with the price at the place of consumption. I am free indeed to admit that such a state of things cannot be of long duration, and that very soon, if indeed the market has not already come to that state, prices must be at their true proportion. But in the mean time great mischief is done. The planter in many, I am afraid too many, instances has not been able to wait this change in price. He has been compelled to sell, and the difference in value has become profit to the rich capitalist. The agriculturist, as usual, has been the victim. This loss, it is clear, is solely due to the unwise and unfortunate act of the Secretary, removing the deposits, and thereby deranging the currency of the country.

But whether correct or not in these remarks, I apprehend there will be little controversy in relation to those I may make on the other grand staple of our State, sugar. It is known to the Senate that the cane from which the article is manufactured is the production of the tropical regions; and that it is with much difficulty, and great hazard of loss, that its cultivation is pursued in the most favored portions of the United States. The last season we were visited by a frost, unexampled for its severity at so early a period of the autumn. From this and other causes, which need not be enumerated, the crop of sugar was reduced to a little more than half what would have been the result in a favorable year. Disastrous as this blow was, falling after two previous years of bad crops, we had a consolation in the news which flowed in upon us from all quarters, that the price would be high. We learned that the quantity produced in the West Indies was much less than usual, and that the market to the North was never known more completely bare of the article than it was

at the beginning of the present winter. And yet, sir, what is now the fact, as it relates to prices under the operation of the late Executive measures? Why, this: that with a foreign supply, less than has been known for years; with a domestic production not adequate to meet the demands of the market in an ordinary year, *we cannot sell*. My merchants write me, that, such is the depression of the money market, they cannot dispose of a quantity of sugar as formerly. That the grocers who, in other times, purchased 40 or 50 hogsheads at once, now content themselves with five or six. That the consumption was diminished, and likely to be still further diminished; as the working classes were thrown out of employment, and their comforts abridged. And, sir, when they do sell a few hogsheads, they accompany the account with a declaration that, were it not for the deranged state of the currency, the article would bring a cent to a cent and a half per pound more than it is now selling for. The correctness of this statement I cannot doubt, for I see the same effect, or nearly the same, produced on all commodities. So that the Louisiana planter this year must pay a tax of from ten to fifteen dollars on each hogshead of sugar, in order that an experiment may be made by the Secretary of the Treasury. It is really difficult for one, thus contemplating the injury wantonly and unnecessarily inflicted on the people he represents, to measure his expressions of disapprobation, so as to render them befitting the calmness and the dignity of this high assembly. Had this misfortune fallen on the country by the act of God, or by foreign war, or by any thing else that was inevitable, the people of Louisiana would have met it with the same energy they once exhibited, when, under the gallant auspices of the individual now at the head of the Government, they rushed to battle, and aided him to drive the enemy from their shores. But to see their prosperity interrupted, and the fruits of their labor diminished in value, without any adequate cause for the infliction of the injury, is too much for human patience.

And, sir, I feel the difficulty of treating the subject calmly greatly increased, when I hear it said on this floor, to weaken the influence which the cry of suffering from the people must have on our measures, that the distress is but temporary, and that the accounts of it are exaggerated from motives of political opposition, and for political effect. It is no doubt true, sir, the distress is but temporary; that is, there will be an end to it some time; but what consolation that reflexion can bring, when its effects are permanent, I am at a loss to conjecture. It is a poor comfort, it is worse. It is cruel mockery to the trader, merchant, or manufacturer, who is made bankrupt by Government experiments, to be told that he should not be distressed; for that, although he is ruined in credit and hopes for the rest of his life, the republic will survive the disaster, and flourish again. Still less do such observations give consolation to the artificer, or laborer, who is thrown out of employment, deprived of the means of earning his daily food and that of his family, and compelled to ask from charity what he formerly obtained from industry. And as to political opposition causing these memorials to pour in upon us, day after day, in such numbers as to deprive us of the time necessary for the ordinary duties of legislation, I apprehend it is a great mistake to suppose they spring from any such source. That political feeling may mingle with them in some degree, is perhaps true; but that it is the *cause* of them, I utterly deny. To imagine so, is to take the curl produced on the surface of the sea by

the wind as an indication of its movement, while it is the tide, by an irresistible impulse, which carries the ocean to its limits. No, sir, political disappointment, nor the desire of political effect, never could have thus heaved up the elements of society, and thrown them before us, praying for a hearing, and supplicating for redress. Political feeling can do much; it sometimes deceives the head, and often influences the heart; but it has little effect on the pocket; and when men find their purses emptied by State empirics, you may confide in the perfect sincerity of their complaints, and you have no occasion to look beyond that state of things for the motives which urge them to present their grievances to your consideration.

Having now, sir, accomplished the main object I had in view in obtaining the floor, I might, perhaps, with propriety, close my remarks. But as, in the present condition of our affairs, the opinions of every man who has a share in the national councils is of importance, though his place there may be the only circumstance which makes them so, I think it proper to state some conclusions I have formed on the matters which now agitate the country. And first, then, sir, as to the cause of the present embarrassment. My convictions are very decided, that it is due to the removal of the deposits from the Bank of the United States. It seems to have puzzled gentlemen on this floor, and elsewhere, how the change of a sum of money from one banking house to another could occasion any distress to the public. I do not know that I am correct in my views of the matter, but it does not seem to be very difficult to explain the *modus operandi*. Credit rests entirely on the opinion entertained of safety. And that opinion once shaken, whether on good grounds or bad, all the evils which grow out of panic flow in upon society nearly as rapidly as if the danger was real. It is clear to me at least, that, had the conduct of the United States Bank been what it might, a momentary pressure must have existed in the money market; and that, if that pressure produced general alarm, it was a consequence that the pressure should continue much longer than the original cause subsisted. When the State banks, and the mercantile and trading portion of the people, saw such an unexpected and heavy blow dealt by the President of the United States against the National Bank, it was impossible they should not be alarmed; for they could neither tell how it would affect the Bank, or how that institution, on being so struck, would feel compelled to act during the unexpired term of its charter. The Secretary of the Treasury declared that it was high time it should begin to curtail its discounts, and commence the settlement of its affairs. And the subordinate agents boasted that they had the institution under their feet. Such a state of things immediately filled all the local institutions, and all men of prudence, with the fear of an approaching storm. That fear in itself was sufficient to produce the evil that was dreaded; for it made men distrustful of one another. That distrust showed itself in diminished discounts in the State banks, fewer sales than usual, and more caution in giving endorsements. The usual consequences have followed such a state of things. The feeble in wealth and credit have sunk first, and their misfortunes have caused more to be apprehended. Banks, private citizens, and all who have capital, become more and more alarmed every day, and the evil keeps augmenting. When such a state of things occurs, it is a necessary consequence that the evil

must progress, unless the banks can come to the relief of the community, by an accommodation beyond that given before the alarm began. It is they who must set the example in restoring confidence. Private capitalists will follow, but not lead, in such a measure. There was a time when the National Bank, from its great resources, and its connexion with the Government, had in some measure the responsibility of preventing, if possible, such a panic, and of relieving it, if it did occur. But that duty and that power have both ceased, and there is no prospect of the country being relieved. The distress must increase too, so soon as the curtailments of the Bank of the United States commence ; and the Secretary of the Treasury has told the Bank that this curtailment has been delayed too long, and that it is necessary to the best interests of society it should have commenced ere this, in order that the State bank paper might come gradually into use.

Never, in my judgment, was a more unwise measure resorted to in any country than that of removing the deposits. Time, which enters more or less into the considerations on which the propriety or fitness of all measures depends, was wholly disregarded. Any man, whether statesman or not, could have seen that it was an unpropitious moment ; that there was so much trade, there might almost be said to be overtrading ; and that credit, through the whole extent of the country, was pushed to its utmost extent. Senators say, indeed, that had the deposits been removed at any time, the same evil consequence would have followed. I enter, sir, my utter dissent to such a proposition. Had it been deferred until the termination of the charter, as was the case with the old United States Bank, men would have had time to regulate their engagements, to meet the change. Foreseeing that when the Bank closed its affairs, a shock would be given to the monetary system, preparations would have been made to meet it. The State banks, too, would have been more able to give relief, because the large capital of the National Bank would, at that time, be ready to flow into other channels. But now, with a fatuity of which there is no example, we have given a shock to credit and confidence, when for two years to come, and more, the capital of the Bank of the United States, or the larger proportion of it, will be withdrawn from circulation, while that institution is winding up its affairs. We have done so, sir, without having any substitute prepared, in place of the capital thus taken out. The State banks, it is clear, cannot furnish it. They complain of pressure now, when there has occurred nothing to occasion it, save the want of confidence. What their situation will be when the United States Bank commences its curtailments, need not be said. The pressure on them will augment, and, with it, their incapacity to afford any relief. Sir, I see no end to this confusion and distress, unless the people of the United States speak a language to their rulers that cannot be disregarded.

I hold, then, sir, that the removal of the deposits was a sufficient cause to produce the present calamitous state of our affairs. If it was not, I call on honorable Senators to say what does occasion it? We have been told it is caused by the Bank of the United States : but if it is, gentlemen can surely show how the Bank has caused it. This is an interrogatory which has been put again and again on this floor ; and to which no answer has been given, save that the Bank is very powerful,

very corrupt, and is using all its means to oppress the public, and force a recharter from Congress. These are just as easily said, as any other similar number of English words; and, without proof in support of them, they are of no more assistance in deciding the question, than the same number of words on any other subject would be. The Bank, however, does not rest her defence on the want of proof on the part of her accusers. She shows beyond doubt, on the most irrefragable evidence, that it is not owing to her action. The official returns establish that the curtailment of her discounts has not exceeded the sum of money withdrawn by the Government from her vaults. The clamor against her, then, is without any foundation. A new version has indeed been given of the complaint against the Bank, by an honorable Senator from Maine, (Mr. SHEPLEY.) According to him, the Bank might relieve the public distress, if it would only issue about fifteen millions of bank notes. This is a very compendious way of settling the question. But has the honorable Senator any information which enables him to say that the Bank could issue such a sum safely? Nay, that it could issue one million more, at the present crisis, than it has now in circulation? If he has, it is a knowledge not possessed by me, nor do I believe by any other member of this body. The recommendation of the Senator from Maine, however, forms a curious contrast with the mandates of the Secretary of the Treasury last October. According to the Senator, the Bank should extend its discounts at the present time. According to the Secretary, it should not have delayed their curtailment beyond the 1st of October last. According to the Senator, it is an evil that there is not more United States Bank paper in circulation. According to the Secretary, there was too much of it out three months ago, and it was then absolutely necessary for the Bank to call it in. Sir, it is not uninstruc- tive to recur to the language used by that high functionary some months ago. It will serve, I trust, as a warning, hereafter, for men not to tamper with the currency of the country. In his letter of the 3d of December, transmitting a report on the removal of the public deposits, he says, "the State banks can, I have no doubt, furnish a general circulating medium quite as uniform in value as that which has been furnished by the Bank of the United States—*perhaps more*." He continues: "But a currency founded on the notes of State banks could not be suddenly substituted for that heretofore furnished by the Bank of the United States, and take the place of it, at the same moment, in every part of the Union." He further adds, that by "the monthly statement of the Bank, of the 2d September last, the notes of the Bank and its branches, then in circulation, amounted to \$18,413,287 07, and that this immense amount must all be withdrawn from circulation when the charter expires." Having got these ideas well fixed in his mind, viz. that the notes of the State banks would furnish a good, and *perhaps better currency* than the United States Bank notes, that there were a great quantity of the latter in circulation, and that they must be withdrawn, the Secretary discovers that the notes of the Bank of the United States *are about to depreciate*, and that it is important—mark his words—"that they should be all taken out of circulation before they depreciate in the hands of the individuals who hold them." This alarming conclusion being reached, it was necessary to set to work immediately to avert such disastrous consequences from the community; and, accordingly, this officer, in the report already quoted from, asks "how

long it will require, for the ordinary operations of commerce, and the reduction of discounts by the Bank, to withdraw the amount of circulation before mentioned, without giving a shock to the currency, or producing a distressing pressure on the community." This question he answers himself in the next sentence, by declaring his conviction "that the time which remained for the charter to run, after the 1st of October, (the day on which the removal of the deposits took place,) was not more than was proper to accomplish the object with safety to the community." Now, sir, I admit that the Bank has not followed these instructions; that she did not begin to curtail her discounts on the 1st of October; and that, in this respect, if the opinions of the Executive were wise and salutary, the institution has been in fault. But if, instead of disobeying these instructions, the Bank had followed them, what would have been the consequence? My honorable friend from Kentucky, (Mr. CLAY,) with his usual clearness, showed, the other day, that if the Bank, between this and the termination of her charter, withdraws all the notes from circulation, and collects her debts, she must call in about two millions each month from the community; for the amount she has to collect is fifty-five millions, and the time little more than twenty-four months. Now, sir, if, in obedience to the mandate of the Secretary, the Bank had commenced, on the 1st of October last, the *gradual curtailment* of which he speaks, and diminished her discounts two millions a month since that time, she would have, by the 1st of March, withdrawn from circulation *ten* millions of dollars.

If she had, I ask if there is any man here who can look steadily on the frightful consequences which must have ensued. If the commercial world is now agonized by a mere derangement of the currency, in what situation would it be placed, if to that derangement there were added, at this moment, the effects of withdrawing so large a sum from circulation? Ruin, in its worst form, must have fallen on the larger portion of the commercial and manufacturing interests of the country, unless, indeed, the State banks had suspended specie payments. The Bank of the United States, sir, in my opinion, has won a strong title to the confidence of the people by her conduct. She saw the crisis that was approaching—she knew the pressure would be great; *and that, keeping strictly within the Executive injunction conveyed to her*, she could have produced such a convulsion as would have compelled her adversaries to change their conduct towards her. But she preferred to the gratifications of a triumph over them, the performance of her duty. And the Secretary of the Treasury, who is known to be a virtuous as well as a talented man, must, I am sure, rejoice that the country was saved from the effects of his own measures; though that salvation was effected at the expense of his reputation for foresight, and a knowledge of the subject he was handling. Heavy as is the responsibility which weighs upon him now, it would have been increased tenfold had the Bank followed his instructions.

But, sir, though the work of curtailment has not yet commenced, the hour when it must begin is rapidly approaching, if indeed it has not already arrived. The Bank cannot defer much longer to commence the withdrawal of her funds from circulation, and the moment she does, all the evils under which the community suffers, will be aggravated far be-

yond even their present severity. We should not sit here with our arms folded, and see so much calamity about to fall on the country, without making a single effort to avert it. It is the part of wisdom, as well as of duty, to step forward, and meet the danger before it reaches us. I have the most sincere conviction that, unless we do something, and speedily, the capital and industry of the country are about to receive a shock from which they will not recover for years. Sir, I am one of those who think that there are no means to restore confidence, but by a recharter of the Bank, and for that measure I am prepared to vote. Whenever it is presented for our consideration, I shall give it my support, provided certain modifications can be obtained in the present charter, which, without impairing its utility, will remove many of the objections which grow out of an honest jealousy of its power.

In making this remark, I am not to be understood as giving my sanction to this jealousy; but, in carrying out any measure, public opinion, and public prejudice, too, should be consulted and gratified, provided they can be gratified without injury to the true interests of the country. This opinion as to the propriety of rechartering the Bank renders it almost unnecessary for me to say that I am wholly opposed to the proposition to return to a metallic currency. We cannot do so, if we wished, and, if we could, it is not desirable. If the question was now proposed for the first time, what kind of circulating medium we should adopt for this country, I should hesitate which to prefer—a metallic currency, or a mixed one. Each has its advantages. On the whole, I believe the latter is best adapted to the wants and interests of a country so decidedly commercial, and so rapidly increasing as ours. But in our present situation, with the habits of society formed to the use of paper money, and with innumerable contracts existing, which have been entered into on long credits, in relation to the value given to real estate by this species of money, so complete a change in our circulating medium would work great injustice. If the quantity of gold and silver necessary for the wants of this country be, as I heard it estimated, and I think correctly, 80 millions of dollars, and we have now about 25 or 30 millions in the United States, we must go into market to procure the difference between these two sums. An immediate demand for so large an amount would greatly raise the value of specie, both in Europe and America; and, as a consequence, so depress the value of all property, as to prove ruinous to thousands. I do not see any advantages in a metallic currency, to induce me to pay so dearly for it. Nor is it unworthy of consideration, that a well regulated paper currency enables us to employ all the capital represented by that paper, beyond the specie in the vaults of the banks, in other and useful purposes, and which, if we had not paper money, would be sunk in the purchase of a circulating medium. There are many other considerations belonging to this part of the subject, which an unwillingness to trespass on the time of the Senate forbids me to enter into, more especially as all speculations in regard to it are fruitless in this country.

For, if we wished to return to a metallic currency, we have not the power to do so. We have no means of compelling the States to resort to it. They will charter as many banks as they please; and there are so many of the strongest passions of our nature at work to create them, that there will be always more of them than there should be. Your refusal



to take their notes at your custom-houses and land offices, may check the circulation of their paper on the seaboard and extreme West, but in the much larger portion of the United States they will disregard such a measure, because bank notes are not wanted in it for either purpose. Sir, it is easy to see the state to which we are approaching. So soon as the National Bank, the great controller and regulator of the State banks, is withdrawn, we shall have from four to five hundred of these institutions, all of them trying to make as large dividends as possible, and using every effort to flood their respective neighborhoods with their own paper. Gentlemen say that the liability of the Bank to demands for specie for their notes will operate as a check on excessive issues. It will no doubt do so when the direction is prudent and wise; but experience has proved it is not a sufficient restraint to the greater number of these institutions. The truth is, that the liability of a bank for specie is merely nominal, unless apprehension exists as to its solvency. At other times, save under circumstances so peculiar as to forbid us to deduce any general rule from them, it is scarcely asked for in large quantities. No, sir, these banks will do as all others have done, circumstanced like them; they will issue as much paper as they can; they will make as large dividends as they can; they will forget and condemn the *distant danger*; and they will profit by what they consider the *present advantage*. It is in human nature they should do so. It is our experience they have done so. Such has been their course in England, in Scotland, and in the United States. Whenever the salutary influence of a controlling institution has been withdrawn from them, they have issued too much paper, and deranged the currency of the country.

But gentlemen say it is an experiment we are making; and, if that experiment fails, we can then resort to a National Bank. Sir, admitting it to be *an experiment*, I see no wisdom in making it. If our situation under the regular influence of the United States Bank had been one of misfortune; if, before the late measures, our currency had been vitiated, and the Bank had failed to perform the other purposes for which it was created, then I admit there might be some excuse for *making an experiment*. But to choose a time when our currency was sound; when the fiscal affairs of the Government were faithfully conducted, and all the different classes of society enjoyed the fruits of their industry; and prosperity was seen in every form by which the advance of society in wealth and comfort could be marked—to choose such a moment as that, I say, to *make an experiment*, by which we might be made a great deal worse, and could not be made better, may be a very wise measure in the Government; but if an individual were so to act in the management of his private affairs, I should think doubts might be reasonably entertained of his sanity.

But, sir, this talk about an *experiment* is a mere delusion. I warn the American people not to be deceived by it. There is *no experiment* to be made. The experiment was tried twenty years ago, and it failed, signally failed. It would seem that we had forgotten, or were unwilling to take lessons from the past. When the charter of the first National Bank was about expiring, an application was made to renew it. The same opposition was made to it that we hear now offered against the present institution; and there are to be found, in the attacks of its opponents, the





A 000 583 304 1

same general denunciations; the same resort to prejudice; the same lankness of argument, and failure of proof—the capital was foreign; its directors were of the party not in power; it had meddled in elections; it was dangerous to our liberties; it was a mammoth of corruption. Not one scintilla of proof do I find in the debates of that day, in support of these charges, but the accusation struck in with popular prejudice, and the Bank was destroyed. Yes, sir, it was destroyed; and dearly did the American people pay for the errors of their politicians. The whole currency of the country immediately fell into such confusion, that no man could tell what was the value of his property; and, after years of disaster and distress, a bank, by the voice of a large majority of the people, was erected in the place of that which had been demolished. Then, too, sir, was taught a lesson, which I should have thought never would have been forgotten. The men who had been principally instrumental in putting down the first bank, were compelled, by what passed before their eyes, to come forward and acknowledge their errors, and assist in repairing them by the creation of a new bank. And do gentlemen, in the face of this recent and striking example, still say that the *experiment* is yet to be made?

Sir, I predict that after the currency of the country is deranged, and confusion and distress pervade all the land, we shall see the very men, now engaged in preventing the recharter of this bank, if they should succeed, forced to come forward, and endeavor to have a similar one chartered. To these men I say, do now, with a good grace, what you will finally be compelled to do. Do it before your country suffers at every pore—before you have ruined the hopes and broken the fortunes of hundreds of thousands! This is a question in which your patriotism can, and ought, to soar above party considerations. If the President of the United States has committed an error, and you refuse to correct it, do you not enable your adversaries to say that in your opinion the President has not other and sufficient merits to permit you to acknowledge one mistake made by him? Sir, I trust better counsels will prevail; and that, before Congress adjourns, casting aside party spirit, some measure will be devised, by our united deliberations, which will withdraw the country in safety from the perilous position in which it is now placed.

X-45438